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No. 84-1170

IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

20TH CENTURY WEAR, INC.

Petitioner,

—against—

SANMARK-STARDUST INC.
and DOMINIO INDUSTRIES, INC.

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

BRIEF OF RESPONDENT

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QUESTIONS PRESENTED

The questions presented by Petitioner are essentially hypothetical. They fail to reflect accurately or completely the issues of this case.

Petitioner's Question 1: Where a court of appeals, absent record evidence to the contrary, holds that a duly registered trademark was descriptive instead of suggestive at the time of its registration, does the court of appeals thereby render the trademark's statutory presumption of validity ineffectual and thereby undermine the federal system of trademark protection?

This question is not present in the case for at least the following reasons:

A. The key word in this question is "record evidence." The Court of Appeals relied on dozens of different pieces of evidence introduced at trial, showing the mark "COZY WARM ENERGY-SAVERS," individually and combined with other legends, on related products that would either keep a person warm and/or conserve energy in some manner.

B. The case law is replete with trademarks held invalid for becoming descriptive even after a registration has issued.

Petitioner's Question 2: Where a court of appeals holds that a trademark used in connection with ladies' sleepwear is descriptive instead of suggestive, even though the trademark requires imagination, thought and perception to reach a conclusion as to the nature of the goods, does the court of appeals err as a matter of law?

Petitioner assumes, without factual basis, that "the trademark requires imagination, thought and perception to reach a conclusion as to the nature of the goods." The mark clearly and simply describes the results and characteristics expected by the informative hang-tag.

Petitioner's Question 3: Where a court of appeals reverses the holding of a district court that a duly registered trademark was suggestive without finding that the district court's holding was clearly erroneous, does the court of appeals err as a matter of law?

This is a question routinely raised by petitioners in almost every case where an appellate court reverses a district court. Here it is a specious issue.

Petitioner's Question 4: Where a court of appeals reverses the prior determination of the United States Patent and Trademark Office (and a district court) and finds that a trademark is descriptive, instead of suggestive, does the court of appeals err in not requiring the party challenging the trademark to present evidence showing that such mark was descriptive based on the meaning of the trademark in the mind of the consuming public at the time of the infringement?

Evidence showing that the mark was descriptive was not "absent" and was, in fact, presented by the Defendants who challenged the trademark. Over two dozen exhibits were submitted showing labelling and promotional material either with "COZY WARM ENERGY-SAVERS" or "COZY WARM" or "ENERGY-SAVERS" or closely related language describing these characteristics or functions of winter products. Similarly, the Court of Appeals noted the large number of advertisements for drapes, curtains, rugs, robes, blankets, bed spreads and bed mats among the group similarly using "COZY WARM," "ENERGY-SAVERS" or combinations of the same to indicate such characteristics or functions of the cold weather products.

Petitioner's Question 5: Is there a conflict in the law among the circuits, where certain courts have held that a mark describing the effect that a product or service is supposed to produce is descriptive, while other courts have held that such a mark is suggestive?

This question does not arise at all since there is no such conflict in the law among the circuits.

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Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

This is an ordinary trademark and unfair competition action. There has been no diversity of opinion within either of the courts below. The District Court found 20th Century's mark, "COZY WARM ENERGY-SAVERS," for winter wear flannel sleepwear and loungewear to be infringed by Sanmark's description, "COZY WARM CONSERVES ENERGY." The mark was printed on one of several small hang-tags and viewed through a transparent plastic wrapper. The other tags and inserts on the garments all bore general information such as "All Cotton," "Guaranteed Washable, Preshrunk," washing instructions and other promotional indicia. The Court of Appeals for the Second Circuit

unanimously reversed and remanded in a twenty one (21) page printed opinion.[1] No unusual question of law or fact is involved. No reason exists for intervention by this Court.

I. THE FACTS

Petitioner's statement sets forth an incomplete and somewhat inaccurate review of the facts here. The comprehensive opinion by the Court of Appeals sets forth most of the relevant facts and will not be repeated.

II. ARGUMENT

A. This Is Not An Extraordinary Case Which Merits Certiorari Following an Interlocutory Decree

Petitioner has asked this Court to review the decision of the United States Court of Appeals for the Second Circuit holding that the phrase "COZY WARM ENERGY-SAVERS" is descriptive when used with women's cotton flannel cold weather sleepwear and loungewear and, hence, is not a valid trademark which can be registered and enforced under the Lanham Act, Title 15 U.S.C. §§ 1051 et seq.

The issue of whether or not a mark is descriptive is a straightforward one routinely encountered in trademark litigation. This case does not have the gravity and importance prerequisite to a grant of certiorari nor does it threaten uniformity of decision. *In re Woods*, 143 U.S. 202, 12 S.Ct. 417, 36 L.Ed. 125 (1892). This case does not justify the extraordinary issuance of the writ of certiorari prior to a final decree. *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 36 S.Ct. 269, 60 L.Ed. 629 (1915).

The decree of the United States Court of Appeals for the Second Circuit was not a final disposition of the action which was

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[1] A copy of the Second Circuit opinion is included in the Appendix to 20th Century's Petition for Certiorari at pp. A-1-A- 23 and citations below are made to the Appendix.

remanded to the District Court for the Southern District of New York for trial on the question of secondary meaning. As this Court stated in *Hamilton-Brown Shoe*, citing numerous authorities, "except in extraordinary cases, the writ is not issued until final decree." 36 S.Ct. at 271.

Hamilton-Brown was an action for trademark infringement involving the question of whether the trademark "The American Girl" as applied to women's shoes was a proper trademark or a geographical name. The trial court dismissed the action but the Circuit Court of Appeals reversed holding that although "The American Girl" was not a valid trademark, the Defendant was liable for unfair competition. The action was remanded to the trial court with directions to decree an injunction and an accounting. Defendants' application to the Supreme Court for certiorari was denied at that state of the proceedings. Only after a final decree in the action did the Supreme Court grant a petition for certiorari.

When it was urged that the denial of certiorari after the interlocutory decree was dispositive of a petition for certiorari filed after the final decree, Mr. Justice Pitney stated for the Court,

> This, however, is based upon an erroneous view of the nature of our jurisdiction to review the judgments and decrees of the circuit court of appeals by certiorari under § 240, Judicial Code, [36 Stat. at L. 1157, Chap. 231] . . . . As has been many times declared, this is a jurisdiction to be exercised sparingly and only in cases of peculiar gravity and general importance, or in order to secure uniformity of decision. [Citing authority]. And, except in extraordinary cases, the writ is not issued until final decree. [Citing additional authority]. The decree that was sought to be reviewed by certiorari at complainant's instance was not a final one, *a fact that of itself alone furnished sufficient ground for the denial of the application*; besides which it appears, by reference to our files, that the

> application was opposed by the present petitioner upon the ground that the case, however important to the parties, involved no question of public interest and general importance, nor any conflict between the decisions of state and Federal courts or between those of Federal courts of different circuits.

36 S.Ct. at 271 (emphasis added).

In *Hamilton-Brown*, after liability had been determined and the case had been remanded solely for an accounting, the Supreme Court found that there was no final decree and declined to grant certiorari until after the accounting. In the instant action, the question of liability has not even been resolved. The Court of Appeals has merely ruled that "COZY WARM ENERGY-SAVERS" is descriptive of the cotton flannel ladies sleepwear and loungewear with which it is used. It has left questions concerning secondary meaning to be decided on remand and has not foreclosed liability under the law of unfair competition of the State of New York.

20th Century has not asserted that this case is so extraordinary as to merit certiorari prior to a final decree and there is no such compelling reason.

B. A Registered Trademark is Entitled Only to a Rebuttable Presumption of Validity

The allowance of an application for trademark registration by an Examiner in the U.S. Patent & Trademark Office establishes the registered mark as prima facie valid.[2] This presumption is readily overcome by a preponderance of the evidence. *Anti-Monopoly Inc. v. General Mills Fun Company., Inc.*, 684 F.2d 1316, 1319 (9th Cir. 1982), *cert den'd*, 459 U.S. 1227 (1983), *reh'g den'd*, 460 U.S. 1104 (1983); *Keebler Co.*

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[2] This is not a case where a mark has been registered in excess of five (5) years and for which a declaration has been filed under Section 15 of the Trademark Act, 15 U.S.C.§ 1065, rendering the mark incontestable.

v. Rovira Biscuit Corp., 624 F.2d 366 (1st Cir. 1980). *See also, Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 794n.4 (5th Cir. 1983); *Educational Development Corp. v. Economy Co.*, 562 F.2d 26, 28 (10th Cir. 1977); *Vision Center v. Opticks, Inc.*, 596 F.2d 111, 119 (5th Cir. 1979), *cert den'd*, 444 U.S. 1016 (1980). As shown below, Respondent introduced ample evidence from which the Court of Appeals concluded that "COZY WARM ENERGY-SAVERS" is descriptive of ladies cotton flannel sleepwear and loungewear.

C. "COZY WARM ENERGY-SAVERS" is Descriptive of Ladies' Cotton Flannel Sleepwear and Loungewear

The phrase "COZY WARM ENERGY-SAVERS" is descriptive of the qualities, attributes and characteristics of ladies' cold weather cotton flannel pajamas and nightgowns with which it is used by Plaintiff, 20th Century. Cotton flannel pajamas are "cozy warm" and are "energy savers." As such, the Court of Appeals properly held that Plaintiff is not entitled to preclude the use of these or similar terms by others to describe similar goods. The Court of Appeals properly concluded that "COZY WARM ENERGY-SAVERS" had become descriptive prior to registration by 20th Century.

20th Century's argument that its mark is not descriptive because "the words 'Cozy Warm Energy-Savers' do not *in and of themselves* cause a person to think of ladies pajamas or nightgowns" is a misstatement of the law of trademarks.[3] A mark comes within the "merely descriptive" prohibition of Section 2(e) of the Lanham Act if it "merely describes a characteristic" of the goods with which it is used. *In re Andes Candies Inc.*, 478 F.2d 1264, 1266 (C.C.P.A. 1973). A mark may be descriptive even though it describes only one of the qualities of goods having various properties. *Meehanite Metal Corp. v. International Nickel Co., Inc.*, 262 F.2d 806, 807 (C.C.P.A. 1959). A mark is merely descriptive even though it does "not directly convey all of the product's characteristics, uses or functions"

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[3] 20th Century's Petition for Certiorari at page 7.

so long as it describes an important aspect of the product. *Educational Development Corp. v. The Economy Company*, 562 F.2d 26 (10th Cir. 1977).

D. The District Court's Finding Was Clearly Erroneous

The district court accepted 20th Century's argument that the mark was suggestive because it "does not bring women's pajamas and nightgowns to mind"[4]. The Court of Appeals left no doubt that the district court's ruling was clearly erroneous when it expressly stated:

> We hold that "COZY WARM ENERGY-SAVERS" is a descriptive term. The district court mischaracterized the mark because it failed to consider how the meaning of the words "COZY WARM ENERGY-SAVERS" had changed over time. The court assumed that a step of the imagination is needed to connect the concept of energy saving to women's pajamas and concluded that the mark is "suggestive" rather than "descriptive." And it may be true that such a step would have been needed, say, in 1973 or 1975. But by 1981, the connection between "COZY WARM ENERGY-SAVERS" and the warming quality of plaintiff's pajama no longer required imagination, since many people were using this kind of language to describe clothing.[5]

E. Respondents Produced Ample Evidence Demonstrating the Descriptiveness of "COZY WARM ENERGY-SAVERS" When Used With Ladies' Cotton Flannel Sleepwear

It would have been sufficient for the Court of Appeals to take judicial notice of the energy crisis that the nation was experiencing when 20th Century sought to register its mark. However,

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[4] Petition for Certiorari at A-30.

[5] Petition for Certiorari at A-10.

there was abundant evidence from which the Court of Appeals could determine that the judgment of the District Court was clearly erroneous and that "COZY WARM ENERGY-SAVERS" was descriptive of ladies' cotton flannel sleepwear and loungewear, Petitioner's assertions to the contrary notwithstanding.

At trial, Sanmark profferred evidence of numerous uses in various advertising and promotional media of the terms comprising 20th Century's registered mark and Sanmark's similar description "COZY WARM CONSERVES ENERGY," in connection with garments as well as numerous other articles to demonstrate the descriptiveness of the phrases. Three of the numerous advertisements marked in evidence were cited in the opinion of the Court of Appeals.[6]

The evidentiary record also included admissions by 20th Century's president which made it clear that 20th Century selected its descriptive "trademark" to exploit the energy crisis.

Mr. Jerome Teamkin, Plaintiff's president, stated in pretrial affidavits and testimony:

> During the time when the "energy crisis" became a matter of great public concern and a topic of almost daily media attention, it occurred to me that 20th Century Wear's products were ideally suited and deserved recognition for their energy saving utility.
>
> Out of this concept, the trademark "Cozy Warm Energy-Savers" evolved . . . .[7]
>
> The greatest compliment that we had — our product really took off when the energy crunch came about, and everybody felt that the label was very timely, that it was smack right in the heart of the oil problem.

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[6] Petition for Certiorari pp. A-13, A-14.

[7] Affidavit of Jermone Teamkin in Support of Motion for Preliminary Injunction, October 15, 1981.

> As home oil heating went from $0.70 to $1.00, they thought the label was terrific, and it started taking off.[8]

> As the oil situation became critical and obvious that it's going to be very expensive, there was talk about the consumer reducing his energy requirements and to conserve wherever possible, so we thought that "Energy Saver" was timely.[9]

The media ads and the testimony of 20th Century's president were sufficient evidence of descriptiveness.

F. There Are No Conflicts With the Decisions of This Court or Other Courts Over Whether A Mark Is Suggestive or Descriptive

Mindful that this action is limited to routine and well settled questions of trademark law, Petitioner half-heartedly urges that there is a conflict in the circuits but fails to cite any conflicting decisions in support of its assertion. The Second Circuit's proclaimed inability to find a niche for 20th Century's mark in Professor Callman's predefined categories of descriptiveness is hardly indicative of a conflict among the circuits. The Court of Appeals followed universally recognized principals in holding the mark descriptive.

While there is sometimes a fine line between suggestive and descriptive marks and certain marks which come close to the line are difficult to categorize, this is not so in the case at bar.

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[8] Transcript of hearing on Preliminary Injunction, page 22, lines 6-12; October 15, 1981.

[9] Trial transcript page 380, lines 15-19.

III. CONCLUSION

This litigation is of significance only to the litigants; it is not of such gravity and general importance as to justify review by this Court.

The Petition for Certiorari is inappropriate at this time and should be denied.

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